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The President's Daily Brief

October 15, 1974

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JAPAN

Opposition parties are using the issue of visits by US warships allegedly carrying nuclear weapons to attack the US-Japan security treaty and stir up large-scale opposition to your visit next month.

Token demonstrations and sit-ins are under way outside the US embassy and military bases; the Socialist and Communist parties have planned major demonstrations for next Monday in Tokyo and Yokosuka. They, along with other opposition parties, have called for an emergency session of the Diet and are using committee meetings to harass the government on the issue of nuclear weapons.

The success of these efforts will determine whether opposition leaders will go all out in opposing your visit.

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The Japanese have asked that the US carrier Midway leave Yokosuka before Monday so as to divert some of the opposition's efforts from that locale.

A US statement on the nuclear weapons issue was offset by news reports of a secret agreement between Tokyo and Washington allegedly governing US nuclear weapons in Japan--quickly denied by Tokyo--and by statements of sailors from the visiting US carrier Midway alleging that nuclear weapons are indeed on board. Such reports will keep the issue on the front pages for the time being.

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UK

Prime Minister Harold Wilson told Britons last evening that they face at least two years of belt-tightening to survive the country's gravest economic crisis since World War II.

In his first speech since his narrow election victory last Thursday, Wilson made no major new proposals but said his Labor government will proceed with plans to nationalize large sections of industry still in private hands. At the same time he promised a "vigorous, alert, responsible and profitable private sector." The Prime Minister indicated that proposals to ease the plight of businesses caught in the squeeze between rising costs and severe price controls may come by early next month in a special tax budget.

Wilson said his main weapon against inflation will be the "social contract," a compact he had made earlier with the trade union federation. The "social contract" provides for wage restraint by the unions in exchange for social legislation.

At the same time, Wilson seemed to be warning the unions when he said the country could not afford "power groups, whoever they are, trying to seize more than their share of what is available."

Conservative Party leader Heath is scheduled to reply to Wilson in a television broadcast today.

Heath is already under fire as a result of the Conservatives' poor showing in last week's election. The Monday Club, an influential group of Conservative businessmen and legislators, called yesterday for his resignation as party leader.

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ITALY

Italian prime minister - designate Amintore Fanfani will try at first to bring together again the center-left coalition--Christian Democrats, Socialists, Social Democrats, and Republicans--that collapsed on October 3. To do so, he must resolve differences on economic policy and relations with the Communist Party.

In accepting the assignment from President Leone yesterday, Fanfani maintained the air of reluctance he has cultivated since he was first mentioned for the job. 25X1

25X1 his exploratory mission achieved Fanfani's objective of spreading responsibility, should he fail to reconstruct the coalition. Nevertheless, Fanfani probably would not have accepted the mandate as formateur if he did not see some room for compromise among the former coalition partners.

There are few signs of flexibility among the parties so far. The Socialists have toned down their earlier insistence on closer relations with the Communists, but they are still calling for a consultative procedure that would make the Communists "share responsibility" for economic decisions. In addition to enhancing leftist influence on government policy, the Socialists see such a procedure as a way of depriving the Communists of their opposition status in competing for the support of organized labor.

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The other coalition parties are opposed to such a move, and the Social Democrats are even insisting that the Socialists avoid alliances with the Communists in certain local governments--a demand the Socialists would find hard to accept.

The Socialists might back down further on the Communist question if by doing so they can enhance their position in the coalition. They argue that recent successes at the ballot box entitle them to some of the more important ministries--such as interior, foreign affairs, treasury, or education--heretofore dominated by Christian Democrats.

The most contentious bargaining will be over Socialist demands for changes in the austerity program. The other parties agree that adoption of many of the Socialists' proposals for looser credit, increased public spending and measures to boost employment would sabotage the austerity program.

Negotiations on economic issues will be complicated by the increasing militancy of organized labor. The unions want roughly the same changes as the Socialists, and they may call a general strike this week to back up their demands.

For their part, the Communists are keeping a low profile and opposing early elections. They are probably distressed by Fanfani's selection and particularly by his retention of the Christian Democratic leadership.

Communist chief Berlinguer had hoped that any government crisis would lead to a shake-up within the Christian Democratic Party, followed by Fanfani's ouster.

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POLAND-US

Polish media coverage of the Gierek visit is giving the public a comprehensive and favorable view of the US that may be unprecedented for this or any period in US-Polish relations.

The US embassy reports that the visit has dominated the central press and the provincial papers--in which coverage of the US usually has been sparse. Even the military daily, which is noted for its strident ideological content, has devoted considerable space to the visit.

The embassy says Poles at all levels are expressing excitement, pride, and pleasure at the "drama" of the Gierek visit. Editorials and commentary are playing up the bilateral aspects of it. They particularly emphasize that Poland is emerging as a valued economic "partner" and that Warsaw has an important contribution to make to detente.

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